

**STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

**Before the Commissioner of Financial and Insurance Regulation**

In the matter of:

**Office of Financial and Insurance Regulation      Enforcement Case No. 09-7346**

Petitioner

v

**Joseph T. Saigh**  
System ID No.: 0036511

Respondent

**CONSENT ORDER AND STIPULATION**

Issued and entered,  
on July 21st, 2009,  
by **Stephen R. Hilker**  
**Chief Deputy Commissioner**

**I.  
FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. At all times pertinent to the matter herein, Joseph T. Saigh ("Respondent or Saigh") was a licensed resident producer authorized to transact the business of insurance in this state.
2. At all times pertinent to the matter herein, Financial Insurance Agency, Inc. (FIA) was a licensed resident producer authorized to transact the business of insurance in this state, and Saigh was an officer of FIA.
3. The Chief Deputy Commissioner of the Office of Financial and Insurance Regulation (OFIR) revoked FIA's insurance producer's license on June 18, 2009.
4. On June 23, 2009, Saigh exercised his right to an opportunity to show compliance by attending a meeting at OFIR to discuss the violations stated herein.
5. As a licensed insurance producer, Respondent knew or had reason to know that Section 1239(1) of the Code, MCL 500.1239(1), states in pertinent part that, "The commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions ... for any 1 or more of the following causes:

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(b) Violating any insurance laws or violating any regulation, subpoena, or order of the commissioner or of another state's insurance commissioner.

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(g) Having admitted or been found to have committed any insurance unfair trade practice or fraud.

(h) Using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

6. As a licensed insurance producer, Respondent knew or had reason to know that Section 2005(a) of the Code, MCL 500.2005(a), states, "An unfair method of competition and an unfair or deceptive act or practice in the business of insurance means the making, issuing, circulating, or causing to be made, issued, or circulated, an estimate, illustration, circular, statement, sales presentation, or comparison which by omission of a material fact or incorrect statement of a material fact ... [m]isrepresents the terms, benefits, advantages, or conditions of an insurance policy."
7. Respondent has failed to uphold the standards as described below.
8. Unibar Maintenance Services, Inc. (Unibar) is a maintenance and meter-reading contractor. In 1999, Unibar retained Benefits USA, Inc. (Benefits), a licensed resident producer in the State of Michigan, to act as Unibar's insurance agent. Benefits recommended that Unibar enroll its employees with UltraMed. In February or March of 2002, Unibar decided to place some of its employees with UltraMed. Unibar's decision was based upon representations by FIA, that UltraMed was a full coverage primary insurance company, and consequently, enrolled its employees in the plan. FIA provided Unibar with documentation and promotional materials regarding the plan offered by UltraMed.
9. When FIA recommended UltraMed for Unibar through Benefits in 2002, FIA was well aware that Unibar was seeking to enroll its employees in a major full coverage primary healthcare insurance. FIA knew at the time it had recommended and placed Unibar's employee with the plan offered by UltraMed that UltraMed was not paying claims. FIA also knew that UltraMed was not a health insurance company licensed to operate in Michigan. In fact, FIA was well aware at the time that UltraMed also had a cease and desist order against it in the State of Florida.
10. On or about March 14, 2002, Unibar received a letter from FIA, which informed Unibar that UltraMed was not paying claims, was in receivership, and that UltraMed

was ordered to stop selling insurance by the Texas Department of Insurance in the State of Texas.

11. FIA's March 14, 2002, letter also recommended Unibar to switch to a third party administrator by the name of Southern Plan Administrators (SPA). FIA's letter stated:

We have looked and found another TPA to administer this business. They have agreed to keep your current premiums and Plan Descriptions (excluding the discount Dental and Vision Plan) for existing groups that want to rollover. They also have agreed to retroactive the effective date to March 1, 2002 provided the appropriate documentation is received. It has been guaranteed that you will not have any lapse of coverage once the signed documentation is received. You will get this information from your agent. The deadline for this rollover is Friday, March 22, 2002.

12. FIA sent an employee to conduct due diligence of SPA. During the due diligence the employee learned that SPA's reinsurance carrier would not allow Unibar to rollover the plan under the conditions outlined in FIA's March 2002 letter, and it was using the premiums it received to pay claims. FIA knew that SPA was not an actual insurance company, but an employee health benefit plan. However, armed with this knowledge, an employee of FIA made a presentation to Unibar recommending that Unibar switch to SPA. FIA's employee represented SPA as a fully insured, health insurance company and indicated that SPA had a plan similar to that of Ultramed. The employee also provided Unibar with pamphlets and promotional materials including information about coverage and price quotes. However, SPA was not a health insurance company licensed to operate in Michigan.
13. Relying on the information provided by FIA's employee, Unibar purchased the SPA plan to replace UltraMed in March 2002. Under the plan, Unibar paid SPA \$36,000 per month in premiums for the benefit coverage plus an additional 30 percent of each monthly payment to cover agent fees, commissions, and other costs.
14. On December 12, 2002, an employee of FIA sent Unibar a fax requesting Unibar complete a new application for reinsurance with CIC Insurance Company (CIC). SPA's reinsurance carrier, Market Trends, had ceased making payments on claims so SPA switched reinsurance carriers. FIA requested that Unibar submit another premium payment; Unibar acquiesced to the request and submitted another premium payment to FIA. CIC, however, did not pay any claims and it also was not a licensed insurance company in Michigan. On or about December 13, 2002, the Texas Department of Insurance issued a cease and desist order against SPA ordering it to stop its operations due to fraudulent practices in the state of Texas.
15. In March 2003, Unibar discovered that claims by its employees were not being paid by SPA. SPA had discontinued its operation, but Unibar was not aware that SPA had

ceased its operations and it continued to make premium payments until July of 2003.

16. By misrepresenting the terms, benefits, advantages, or conditions of policies of insurance, FIA engaged in unfair or deceptive acts or practices in the business of insurance and violated Section 1239(1)(b),(g), and (h) of the Code.
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## II. ORDER

Based upon the Findings of Fact and Conclusions of Law above and Respondent's stipulation, the Commissioner ORDERS that:

1. Respondent Saigh shall CEASE and DESIST from violating MCL 500.1239 and MCL 500.2005a.
2. Forthwith, Respondent Saigh shall CEASE and DESIST from engaging in any activity requiring licensure under the Michigan Insurance Code, and deliver to the Chief Deputy Commissioner his original resident producer's license certificate within five days of the date of entry of this Order.
3. Respondent Saigh's resident producer license issued pursuant to the provisions of the Michigan Insurance Code is hereby REVOKED.

IT IS SO ORDERED

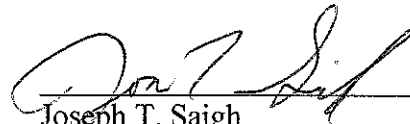
Dated: 7/21/09

  
Stephen R. Hilker,  
Chief Deputy Commissioner

**III.  
STIPULATION**

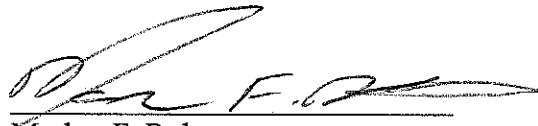
Respondent has read and understands the Consent Order above. Respondent agrees that the Chief Deputy Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Insurance Code. Respondent waives the right to a hearing in this matter if this Consent Order is issued. Respondent understands that the Consent Order and Stipulation will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may or may not issue this Consent Order. Respondent waives any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. Respondent admits to the Findings of Fact and Conclusions of Law set forth in the above Consent Order, and agree to the entry of the Consent Order.

**Dated:** 6-26-09

  
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Joseph T. Saigh

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above Consent Order.

**Dated:** 6-26-09

  
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Marlon F. Roberts  
Staff Attorney